

**Senate State & Local Government
Committee Amendment**

AMENDMENT NO. _____

Signature of Sponsor

AMEND Senate Bill No. 2997

House Bill No. 2837*

FILED

Date _____

Time _____

Clerk _____

Comm. Amdt. _____

by deleting all language following the enacting clause and substituting instead the following:

Section 1. Tennessee Code Annotated, Section 7-34-111, is amended by adding a new subsection (d) and by redesignating the existing subsection (d) and the subsequent subsections accordingly:

(d) The governing body, or any board or commission of a municipality having jurisdiction, control and management of a natural gas distribution system, may borrow money in anticipation of the collection of revenues from such system and issue negotiable notes to evidence such borrowing for the purpose of financing gas purchases, including storage costs and pipeline capacity costs. Any such notes shall be secured solely by a pledge of and lien on the revenues of such system. The principal amount of notes which may be issued during any twelve-month period shall not exceed sixty percent (60%) of total gas purchases for the same period, and all notes issued during such period shall be retired and paid in full on or before the end of such period. The notes shall be sold in such manner, at such price and upon such terms and conditions as may be determined by the governing body, board or commission issuing such notes. No notes shall be issued under this subsection unless the gas system for which the notes are to be issued has positive retained earnings as shown in the most recent audited financial statements of the system and the system has produced positive net income in at least one (1) fiscal year out of the three (3) fiscal years next preceding the issuance of the notes as shown on the audited financial statements of the system. No notes shall be issued without first being approved

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by the state director of local finance. If revenues of such system are insufficient to pay all such notes at maturity, any unpaid notes may be renewed one (1) time for a period not to exceed one (1) year or may be retired with funding bonds issued pursuant to Title 9, Chapter 11, or may be otherwise liquidated as approved by the comptroller of the treasury or the director of the division of local finance.

Section 2. Tennessee Code Annotated, Section 7-34-111(c), is hereby amended by adding after the words "funding of notes issued pursuant to" and before the words "this section," the words "subsection (a) of".

Section 3. This act shall take effect upon becoming a law, the public welfare requiring it